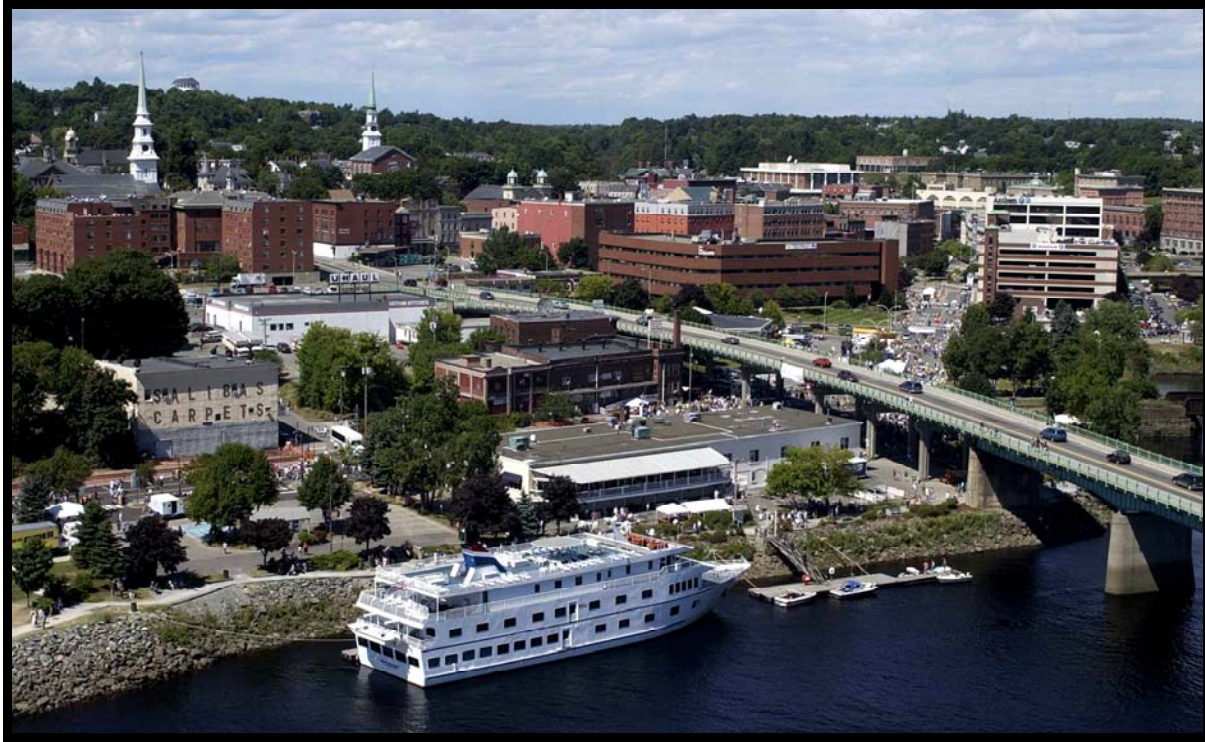


BANGOR, MAINE



Quarterly Economic Status Update Second Quarter 2005



The City of Bangor Quarterly Economic Status Update is timed to coincide with the publication of Maine State Planning Office data. The use of the terms First Quarter, Second Quarter, Third Quarter and Annual Review reflect the quarter of the data reported, not the date of the report.

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Introduction

It is our pleasure to present to the City Council the Second Quarter 2005 City of Bangor Quarterly Economic Status Update. Quarterly updates are designed to provide an overview of, and a context for, how the City of Bangor is doing economically, both in terms of how Bangor looks now compared to past years and also how Bangor fares when compared to other Maine cities, regions, the State of Maine, and the nation. Each quarterly update normally reports a concise overview of retail sales and labor market data. This update, however, will not include retail data because the Maine Revenue Services Department is redesigning the retail sales tracking system and until the redesign is complete there is no data available. We will report retail sales when data is released.

Labor Market Area Redefined

The U.S. Office of Management and Budget and the U.S. Department of Labor, Bureau of Labor Statistics geographically redefined Maine's Labor Market Areas (LMAs) in accordance with commuting data from the 2000 census. The geographic redefinition reflects areas that have a high degree of social and economic integration as measured by commuting ties among cities and towns to a core City. In the Bangor LMA the core City is Bangor.

Starting with January 2005, employment and unemployment data developed by the Maine Department of Labor, Labor Market Information Services are based on these new geographic definitions. There are 31 labor market areas now compared to 35 previously. These 31 areas include Metropolitan, Micropolitan, and small labor market areas (definitions on page 5). Data prior to 2005 will be revised to allow a comparison across time.

The redefined Bangor LMA, which corresponds to the redefined Bangor Metropolitan Statistical Area (MSA), includes towns that were previously captured under a labor market area called "Outer Bangor" as well as towns from other former labor market areas. Following is a list of towns included in the new Bangor LMA, with the former labor market area cities and towns in bold.

Hancock County (part) Amherst, Aurora, Dedham; Penobscot County (part) Alton, Argyle unorganized territory, **Bangor**, Bradford, Bradley, **Brewer**, Carmel, Charleston, Clifton, Corinth, Dixmont, East Central Penobscot unorganized territory, **Eddington**, Edinburg, Enfield, Etna, Exeter, Garland, **Glenburn**, Greenbush, **Hampden**, **Hermon**, **Holden**, Howland, Hudson, **Kenduskeag**, Lagrange, Levant, Lowell, Maxfield, **Milford**, Newburg, Newport, **Old Town**, **Orono**, **Orrington**, Passadumkeag, **Penobscot Indian Island**, Plymouth, Stetson, **Veazie**; Waldo County (part) Frankfort, **Winterport**.

Labor Market Area Data

Also starting with January data, The Maine Department of Labor will report two different types of labor information for the Bangor LMA. The type we are most familiar with is the data on Civilian Labor Force numbers, the number of people employed and unemployed, and the unemployment rate. This information is available for each of the thirty-one newly designated LMAs as well as at the county level and for the State as a whole. Civilian Labor Force data is based on place of residence. It shows how many people who live in the Bangor LMA are employed, regardless of



where they work. A person who lives in Bangor but works in a different labor market will be included in this data as employed.

The second type of data is based on place of work, or where the job is. This data shows how many and what kind of jobs there are in the Bangor LMA, regardless of where the people live who are employed in those jobs. This data set, reported as *Nonfarm Wage and Salary Employment*, does not capture jobs from agriculture or from self-employment. The ability to look at the two types of data is significant because together they allow us to see not only how many people in the Bangor LMA are employed, but also to see how many jobs and the types of jobs there are in the Bangor LMA.

Civilian Labor Force, Employed, and Unemployed

The unemployment rate for the Bangor LMA, as reported under the former geographic definition, was generally somewhere in the 3% - 4% range, depending on the month. Last year the unemployment rate reported for January was 4.0%, February was 4.3% and March was 4.2%. Continuing 2004, the rates were April 3.4%, May 2.8%, June 3.1%, July 2.8%, August 2.9%, September 3.3%, October 3.5%, November 3.6%, and December 3.4%. These low unemployment rates have historically put the Bangor LMA unemployment rate significantly below the State and National unemployment rate.

These are the numbers we are used to seeing, but will not see any longer. Under the new geographic definition the reported Bangor LMA unemployment rate is higher, not because of any labor market changes within the area, but because it encompasses towns that have always had a higher unemployment rate. For example, the previous "Outer Bangor" labor market area, which was in the 7% range in 2004, has been rolled into the Bangor labor market data. The good news about this new data is that companies looking to relocate to an area are concerned if they see an unemployment rate that is too low. To them it means they may have difficulty finding qualified employees. From that perspective it can be advantageous for Bangor to show an unemployment rate more in the 5% range than in the 3% range.

The chart below shows us how our geographically new labor market looks.

Second Quarter 2005 Bangor LMA Labor Market				
Labor Force Data*				
2005	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
April	71,000	67,600	3,400	4.8%
May	71,200	68,000	3,200	4.5%
June	70,800	67,700	3,100	4.4%
*Not Seasonally Adjusted				
Source: Maine Department of Labor, Division of Labor Market Information				



We have Second Quarter 2004 converted unemployment rates to use as comparison when we look at Second Quarter 2005 unemployment rates. The 2004 Second Quarter converted rates are April 5.0%, May 4.3%, and June 4.5%. The 2005 Second Quarter rates are April 4.9%, May 4.5%, and June 4.4%, showing unemployment rates down .1%, up .2% and down .1% for each month of the new quarter, respectively, from 2004 to 2005.

You will also notice that the Bangor LMA civilian labor force is considerably larger than what we are used to seeing. 2004 data reported the Bangor LMA civilian labor force in the 54,000 – 56,000

range. First Quarter 2005 data reported the Bangor LMA civilian labor force as 68,400 in January, 69,800 in February, and 70,000 in March. Second quarter reports April 69,700, May 71,200, and June 70,800.

As the following chart shows, the Bangor LMA April unemployment rate of 4.9% is the same as the national rate, and lower than the state (5.2%) and the county (5.5%) rates. Bangor's May rate of 4.5% is below the county 5.0%, state 4.8% and national 4.9% rates. June's Bangor rate of 4.4% is below the county 4.0% and national 5.2%, and the same as the state's. The lowest unemployment rates in Maine, in the high 2.0's and low 3.0's were in the southern part of the state. The highest unemployment rates in the state, Millinocket and Calais, were in the double digits in April and May but fell to 9.0% and 8.8% in June, respectively.

For comparative purposes, the chart below shows the Bangor LMA as well as all LMAs that surround it. While Bangor's unemployment rate is in the 4.4% - 4.9% range, Ellsworth is 4.1% - 6.2%, Dover-Foxcroft is 6.4% - 8.8%, Lincoln is 7.2% - 9.6%, and Pittsfield is 6.5% - 8.7%. Even with an expanded geography, the Bangor area shows a strong, healthy, stable labor market.

Second Quarter 2005 LMA Unemployment Rates									
Labor Force Data*									
2005	Bangor LMA	Ellsworth LMA	Dover-Foxcroft LMA	Lincoln LMA	Pittsfield LMA	Augusta-Waterville LMA	Penobscot County	Maine	United States
April	4.9%	6.2%	8.8%	9.6%	8.7%	5.5%	5.5%	5.2%	4.9%
May	4.5%	5.0%	7.6%	8.5%	7.3%	5.0%	5.0%	4.8%	4.9%
June	4.4%	4.1%	6.4%	7.2%	6.5%	4.8%	4.8%	4.4%	5.2%
*Not Seasonally Adjusted									
Source: Maine Department of Labor, Division of Labor Market Information									

Nonfarm Wage and Salary Employment

Nonfarm Wage and Salary Employment is reported by Major Industry Division. This is the data that is based on place of work, or where the job is. This data shows how many and what kind of jobs there are in the Bangor LMA. As with the previous data, the new geographic definition is used in this data set beginning with January 2005 data. Unfortunately, we will not be able to completely compare data across time until the Maine Department of Labor, Division of Labor Market Information has finished data reconstruction.



The Division of Labor Market Information is, however, reporting reconstructed data from the previous year when it reports 2005 data. So we can at least know how any particular industry looks as compared to last year at the same time.

The chart below shows the significance of the service-providing sector in our area's economy. Of the approximately 65,000 jobs in the Bangor LMA, about 58,000-59,000, or slightly over 90% of those jobs are in the service-providing industry. As more reconstructed data becomes available, we will be able to take an in depth look at how our employment base is changing.

Bangor MSA Nonfarm Wage and Salary Employment* by Major Industry Division						
	Apr-05	Apr-04	May-05	May-04	Jun-05	Jun-04
Total Private Sector Employment	51,200	51,600	52,200	52,100	52,200	52,100
Total Government Employment	14,100	14,000	13,700	13,800	12,800	13,700
<i>Federal Gov't</i>	1,300	1,300	1,300	1,300	1,300	1,300
<i>State Gov't</i>	7,100	7,000	6,600	6,700	5,700	6,400
<i>Local Gov't</i>	5,700	5,700	5,800	5,800	5,800	6,000
<u>TOTAL EMPLOYMENT</u>	<u>65,300</u>	<u>65,600</u>	<u>65,900</u>	<u>65,900</u>	<u>65,000</u>	<u>65,800</u>
<u>Employment by Industry</u>						
Goods Producing	<u>6,300</u>	<u>6,500</u>	<u>6,700</u>	<u>6,800</u>	<u>6,800</u>	<u>6,900</u>
<i>Natural Resources and Mining</i>	300	200	300	200	300	200
<i>Construction</i>	2,700	2,600	3,000	2,900	3,100	3,000
<i>Manufacturing</i>	3,400	3,700	3,400	3,700	3,400	3,700
Service-Providing	<u>59,000</u>	<u>59,100</u>	<u>59,200</u>	<u>59,100</u>	<u>58,200</u>	<u>58,900</u>
<i>Trade, Transportation, Utilities</i>	14,900	15,000	15,000	14,900	15,000	15,100
<i>Wholesale Trade</i>	2,300	2,300	2,300	2,300	2,300	2,400
<i>Retail Trade</i>	10,100	10,000	10,100	9,900	10,100	10,000
<i>Transportation, Warehousing, Utilities</i>	2,500	2,700	2,600	2,700	2,600	2,700
<i>Information</i>	1,500	1,500	1,500	1,400	1,500	1,400
<i>Financial Activities</i>	2,200	2,200	2,300	2,300	2,200	2,300
<i>Professional & Business Services</i>	5,700	5,600	5,800	5,700	5,800	5,800
<i>Education and Health Services</i>	13,500	13,400	13,600	13,400	13,500	13,000
<i>Leisure and Hospitality</i>	5,500	5,300	5,800	5,500	5,900	5,600
<i>Other Services</i>	1,600	2,100	1,500	2,100	1,500	2,000
*Not Seasonally Adjusted						
Source: Maine Department of Labor, Division of Labor Market Information						

*Metropolitan areas have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

*Micropolitan Areas have a least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.

*Small labor market areas were defined using Census 2000 commuting data to determine the degree of economic integration among the cities, towns, and unincorporated areas not included in the major labor market areas.